

## LNF & IHCIF Calculations Illustration

### - Pokagon Potawatomi in Bemidji area -

#### Given Data

- 2,391 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 43% = % Expenditures on purchased services, 57% = % expenditures in-house
- 104.6% = Cost index for purchasing health care in this geographic area
- 123.3% = Size cost index for in-house costs due to small or large size
- 105.9% = Bemidji area cost index for health status above or below average

#### Cost Adjustment Calculations

- \$1,344 per person for purchased services =  $43\% * 104.6\% * \$2,980$
- \$2,089 per person for in-house services =  $57\% * 123.3\% * \$2,980$
- \$3,433 per person total = \$1,344 (purchase) + \$2,089 (in-house)
- **\$3,636 per person total** adjusted for health status =  $\$3,433 * 105.9\%$
- **\$2,891 per person net cost** =  $\$3,636 - \$745$  Other resources (M&M&PI)

#### Existing Expenditures (for 2,391 users excluding wrap-around and collections)

- \$794 per person = local IHS allowance (excludes \$ for wrap-around)
- \$94 per person = expenditures elsewhere in Bemidji area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$942 per person for OU users** =  $\$794 + \$94 + \$54$

#### LNF Calculation

- **25.9% Gross LNF** =  $\$942$  (expenditures) /  $\$3,636$  total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **32.6% Net LNF** =  $\$942 / \$2,891$  net cost ( $\$3,636 - \$745$  other)

#### IHCIF Allocation

- \$1,896,248 = \$ to raise LNF% from 32.6% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction =  $\$9,000,000$  fund /  $\$258,040,100$  needed
- **\$66,141 Allocation** =  $\$1,896,248$  needed for 60% \* 3.488% IHCIF fraction

#### Pokagon Potawatomi Unmet Needs

- **\$6,913,496 Net Total Need** = 2,391 users \* \$2,891 net cost
- **\$4,661,646 Net Unmet Need** =  $(100\% - 32.6\% \text{ LNF}) * 2,391 \text{ users} * \$2,891 \text{ net cost}$